

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN MIKE TAYLOR**, on March 17, 2003 at 12:15 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Mike Taylor (R) Chairman
Sen. Bill Glaser (R)
Sen. Jim Ellingson (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Andrea Gustafson, Recording Secretary
Shirley Herrin, Transcribing Secretary

Others Present:

Dan Dodds, Department of Revenue
Jim Standaert, Legislative Fiscal Division
Larry Finch, Department of Revenue
Terry Johnson, Legislative Fiscal Division

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Discussion On: SB 466; SB 470; HB 749

CHAIRMAN MIKE TAYLOR stated the committee needs to talk about exemptions.

Dan Dodds, Department of, passed out several handouts comparing exemptions.

- No. 1) General Provisions, **EXHIBIT(tas56c01)**.
- No. 2) Exempt Goods and Services **EXHIBIT(tas56c02)**
- No. 3) Exempt Sellers **EXHIBIT(tas56c03)**
- No. 4) Exempt Buyers **EXHIBIT(tas56c04)**

Mr. Dodds reviewed how each of the tax bills correlated regarding exemptions and what each taxed.

CHAIRMAN TAYLOR inquired how much tax/transportation money they and talking about and stated they will need that information for the next meeting.

SEN. JIM PETERSON, sponsor of the bill, responded to questions.

Dan Dodds continued with his review of the exemptions.

SEN. JON ELLINGSON inquired what a "use" tax was. Dan Dodds explained the sales tax is a tax on the transaction and the use tax is something that has been adopted in states that have sales taxes to make sure there is a tax liability where it wasn't created during the transaction, so that people can't structure transactions in a way to avoid the tax liability.

Mr. Dobbs continued with his comparison of the exemptions within the bills.

Mr. Dobbs then reviewed EXHIBIT 4, which shows buyers who are exempt.

SEN. TAYLOR said they need to meet again and decide as a committee what is going to be exempt. He said they will ask the Department of Revenue to come up with how much money is in the bill. He scheduled another meeting at 5:00 pm in either Room 405 or Room 422.

ADJOURNMENT

Adjournment: 12:53 A.M.

SEN. MIKE TAYLOR, Chairman

ANDREA GUSTAFSON, Recording Secy.

SHIRLEY HERRIN, Transcribing Secy.

MT/SH